Project Politics and Moments of Truth:
Why Some Transit Megaprojects Succeed and Others Fail

Tom Barnard and Steve Page
Evans School of Public Affairs
sbp@washington.edu

Concept Paper for, February 2006

Abstract: Despite recent technical advances in project management, most transit megaprojects eventually confront moments of truth that severely threaten their public support and financing, placing their construction and completion in jeopardy. While fiscal, technical, and management difficulties are often revealed during these moments of truth, the crisis itself usually originates with the realization by the public that there have been inaccurate predictions and excessive promises about project completion and benefits by elected officials and other project supporters. Supporters are always predisposed to make optimistic promises about a project's benefits and prospects for completion, for a variety of reasons. But greater awareness of entrepreneurial skills and tactics nevertheless may enable political supporters and project managers alike to make more realistic predictions and manage public expectations about megaprojects more astutely. The paper therefore concludes with a set of research questions to refine our understanding of entrepreneurial skills and tactics and their application to transit projects.

In the last fifteen years, many large metropolitan areas in the United States have significantly built, rebuilt or extended their mass transit systems. These systems have usually involved building some combination of light rail system or extension, combined with Bus Rapid Transit, subways, and grade separation infrastructure (tunnels, HOV, dedicated lanes, etc.) All of these projects can be considered "megaprojects", in that they involved the construction of infrastructure involving significant public investment, large scale engineering logistics, and an extended time line for completion (Flyvbjerg, Bruzelius, and Rothengatter, 2003).

Funding for such projects has come through federal legislation such as ISTEA, TEA-21 and certain provisions of the Clean Air Act (Altshuler, 2003). States with large metropolitan areas have also committed funding to transit megaprojects through various local options taxes and in some cases referendums (Goldman and Wachs, 2003).

Transit megaprojects have been justified on a number of grounds, including highway congestion mitigation, air pollution mitigation, fighting sprawl, economic development, and assisting disadvantaged sections of the population (Katz, Puentes, Bernstein, 2005). Such claims have been challenged, however, and it has proven statistically difficult to put

controversies over such claims to rest (Rubin, Moore, Lee, 1999). Also, despite construction of these projects, the total percentage of trips done by mass transit has declined in relation to auto usage (Downs, 2004).

Moments of Truth

Beyond the question of whether transit megaprojects justify their predicted benefits, however, a pattern of problems has emerged surrounding the design, completion and operation of the projects. Many factors contributing to these problems have been identified, including poor input data, incorrect assumptions in modeling, and appraisal optimism (Mackie, Preston, 1998). For many projects, these problems ultimately result in a "moment of truth" that unfolds late in the design phase or just prior to construction, when the public comes to recognize that the project will cost significantly more than originally projected or will carry fewer riders than originally anticipated (Flyvbjerg, Holm, and Buhl, 2002; Flyvbjerg, Bruzelius, and Rothengatter, 2003).

At this point a project face several hurdles: a) design review for possible re-engineering of the projects' routes or infrastructure; b) review or reworking of the bidding process or the funding sources; and c) increased oversight, either through a return to the ballot box or a review by the public officials who authorize its funding. These processes may lead to one of three possible outcomes: 1) the project proceeds as planned (often at a higher cost); 2) the project is significantly scaled back or re-engineered; or 3) the project is abandoned. Projects in a number of U.S. cities, including San Francisco, Boston, Dallas, Seattle, Milwaukee, Los Angeles, and Louisville, have experienced moments of truth with differing degrees of severity and outcome.

Despite the prevalence of moments of truth, transit megaprojects show no sign of being able to evade them (Flyvbjerg, Bruzelius, and Rothengatter, 2003). Recent advances in technical and project management appear to have had little effect in reducing cost overestimates (Flyjberg, Holm, and Muhl, 2002). Nor has a change in fiscal approach in contracting from Design and Build (DB) to Design, Build, Operate, and Maintain (DBOM) improved projected outcomes, though project managers make assurances of future cost savings in such projects (Kessler, 2005).

Project Politics

Although fiscal, technical or project management considerations appear as the proximate sources of moments of truth, such considerations are more often symptoms than primary causes. Instead, moments of truth originate in the realm of project politics, with overly optimistic predictions about financial costs, prospective benefits, and completion timelines by supporters such as elected officials, business representatives, and project managers and contractors (Mackie and Preston, 1998; Flyvbjerg, Holm, and Buhl, 2002; Flyvbjerg, Bruzelius, and Rothengatter, 2003).

Supporters tend to make overly optimistic promises about project completion and benefits for a variety of reasons. Elected officials do so because they believe the projects

will: a) generate public support for their re-election, b) involve private interests involved in other pro-growth projects who can provide campaign contributions and other forms of electoral support, and c) build the "legacy" they leave behind when they leave office. In addition, by the time a project's moment of truth arrives, many elected officials who initially promoted it will have moved on, and thus not be targets of public retribution at the polls. Property owners, businesses, and other private interests promote megaprojects because they provide: a) direct opportunities to profit from public investment in land; b) growth opportunities for nearby commercial development interests; c) possibilities for general commercial and economic growth by attracting new businesses to the region; and d) a ready fit with pro-growth ideology (Logan & Molotch, 1987; Squires, 1996; Blair and Kumar, 1997). Project managers and contracting firms are motivated to promote transit projects: a) in order to have business opportunities to practice their profession; and b) because their "technical" outlook often leads them to start with "best-case" scenarios (Flyvbjerg, Bruzelius, and Rothengatter, 2003).

Regardless of supporters' motives for making optimistic predictions, they can haunt projects over time. As project design proceeds, costs tend to mount, completion deadlines slip, and property owners and neighborhood residents at risk of dislocation by impending construction step up their opposition. With the benefits of the project accruing only in the distant future, these concerns often raise doubts about the wisdom of the project among some elected officials and members of the public. They provide project skeptics and opponents with new opportunities to question ridership projections, congestion mitigation estimates, and other predicted benefits. Such scrutiny may reveal further inaccuracies in the project proponents' initial predictions or procedural problems in bidding or other dimensions of project management, which in turn generate additional public doubt. As this dynamic unfolds, the coalition promoting the project may lose the trust and confidence of voters, elected officials associated with the project, and other government officials who authorize its financing.

As this brief description suggests, the politics of designing and constructing transit projects are complex. They have become even more so over time for reasons related to federal policy, urban demography, and project design requirements.

In terms of federal policy, over the past two decades transit funding has increasingly come in the form of partial project support, accompanied by rigorous competition for funding from the Federal Transit Administration. By comparison, in preceding decades federal funds tended to support a vast majority of project costs. (Altshuler and Luberoff 2003) Though still strong, a declining share of federal funding has required project supporters to secure financing from multiple sources, many of them state and local. Multiple funding sources, in turn, expose projects to new opposition in various political arenas by creating additional oversight demands and veto points during project design and construction (Pressman & Wildavsky 1973; Immergut 1992).

Thanks to changes in regional demography, meanwhile, the state and local politics of transportation planning have become fiercer and harder to navigate as urban centers have lost political clout to the automobile-focused suburbs. Voters in those suburbs elect

federal and state legislators who tend to be more partial to funding road construction due to the transportation preferences of their constituents.

Even progressive urban regimes inclined to support mass transit in order to promote neighborhood-based development have struggled to enact and implement coherent policies as community movements and identity politics have fragmented their governing coalitions in recent decades (DeLeon 1992). This has resulted in a "do no harm" approach as a response to public opposition to megaprojects that ran roughshod over disadvantaged populations as well as a new environmental consciousness This approach is manifested through formal project reviews such as environmental impact statements. It also includes efforts to win approval from local civic organizations and neighborhood groups – efforts which may take the form of concessions in project design, project-related amenities such as parks and neighborhood facilities, or employment opportunities for residents (Altshuler, 2003). Support from such interests can be particularly important when public opposition to a project grows and gives rise to a moment of truth.

Managing Project Politics

Just as technical and project management factors influence, but do not determine, the emergence of a moment of truth, we propose that they also are not the factors that decide whether a transit project continues, gets scaled back, or is abandoned. Instead, political factors involving the composition, strategies, and tactics of the coalition backing the project determine the way a moment of truth evolves and gets addressed. These factors reside largely in the joint capacity of core project supporters to serve as political entrepreneurs. Entrepreneurs take political risks and expend political capital to create a vision for a megaproject by assembling a coalition of private and public interests, and constructing a matrix of funding sources for the project (Altshuler and Luberoff 2003). In John Mollenkopf's words, entrepreneurs "bring together widely different, competing, and even conflicting political actors and interests by creating new governmental bases for exercising new powers which none of these actors and interests could otherwise have exercised on their own" (Mollenkopf, 1983). Coalitions led by entrepreneurs often appear as "growth networks," where alliances of diverse interests form around particular visions of growth, while opposing networks advance different visions of growth (Gottdiener, 1983).

While these general characteristics of political entrepreneurs are clear from the literature, their roles in promoting and sustaining transit megaprojects needs further specification. Our initial review of mass transit projects in Boston, Los Angeles, Dallas and Seattle suggests some common imperatives for navigating moments of truth and improving the prospects for successful completion of transit megaprojects. In particular, project proponents must:

1. create an initial "civic vision" for the project that connects with the public image of the city itself, and build a network of media and public actors that serve as ongoing boosters for the vision and the particulars of the project itself;
2. create a broad coalition of elected officials, developers and other business leaders, as well as other civic leaders so as to seem to represent a majority opinion by the

public. This network must involve people viewed as technical experts, to assure others that the project management aspects are realistic and goals of the project are realizable. Private interests and developers have to be brought on board in a way that looks legitimate and promises them significant return on investment at some point in the future. Neighborhood interests and other possible NIMBY players must be brought in as supporters, or at least neutralized or muffled.

3. assemble a potential package of funding sources at different governmental levels. Support from state and federal elected officials and transportation administrators must be brought in to find and sustain financing.

To foster and sustain a civic vision, broad coalition, and funding package through a project's lifespan, including the inevitable moment of truth, we hypothesize that a political entrepreneur needs:

1. A willingness to assemble the initial coalition *and* expend political capital to lead the project through the moment of truth.
2. The political skills necessary to:
    a. expand the coalition over time to include sectors of private and public interests initially uncertain of the project, especially as some initial supporters waver during the moment of truth;
    b. manage the media in a way that ensures that a supportive view of the project will continue to be heard;
    c. gather and sustain political support at higher levels of government that supply project funds.
3. To ensure that project managers are in place who can take the project past the engineering and management hurdles entailed in the "moment of truth" transparently and cost-effectively.

With these considerations in mind, we seek recommendations of 4-6 transit megaprojects to study in detail in order to develop preliminary answers or hypotheses to questions such as:

1. Under what conditions are some entrepreneurial skills more useful than others (e.g., levels of political fragmentation and diversity, number of institutional veto points, levels of federal funding)?
2. Why and how do certain coalition compositions (e.g., elite, grassroots, elite + grassroots) enable a project to survive a moment of truth and be completed successfully?
3. What coalition-building strategies and project (re-)design tactics (e.g., flexible, multiple sources of financing; coalition expansion; route redesign; scaling back of technology such as from light rail to bus rapid transit) are most effective for navigating moments of truth without sacrificing project success under different kinds of circumstances?